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Consensus Rule Among Several Impediments to WTO Agreement on Doha

The negotiation process needs to be eased at the World Trade Organization in order to find agreement on the remaining, most controversial issues of the Doha Development Agenda, most observers agree. However, achieving consensus will remain difficult regardless, they say.

Following approval of the Bali agreement in November, WTO Director-General Roberto Azevedo immediately called on members to propose solutions to help smooth negotiations to forge multilateral agreements in a more timely manner—albeit solutions, he said, that do not include alterations to its requirement for unanimous approval of all agreements. “It goes without saying that we can’t wait another two decades to deliver further multilateral outcomes,” he said.

However, Bill Reinsch, president of the National Foreign Trade Council, said he believed the only reform that would make a major difference would be one that changed it from a consensus organization to one that supports majority votes.

Joshua Meltzer, a senior fellow at Brookings Institution in Washington, D.C., also said the WTO needs a negotiation process that doesn’t require unanimous consensus among its members, which now represent 160 countries. “People understand the need to focus on the process and improve it,” he said. However, he added, “Agreeing on a new path forward will be hard.”

John Murphy, senior vice president for international policy for the U.S. Chamber of Commerce, agreed. He said the process of approving the Trade Facilitation Agreement, which was delayed pending approval by India, offered a clear picture of the challenge of consensus. “You have a small number of countries not wanting to move forward. How does that make sense when it won’t harm those countries by their own recognition? That’s a root of profound frustration.”

“So the solution has been to pursue more of these plurilateral agreements” that don’t require agreement of the full WTO membership, Murphy said.

Gary Hufbauer, a senior fellow at the Peterson Institute for International Economics, also pointed to the difficulty of obtaining unanimous consent on measures. “Imagine having to get everything through unanimously, and all issues had to be in a single bill,” he said. “Parliament couldn’t get anyplace.”

“That’s how the WTO operates now. You have built-in stalemate,” he continued. “And countries want to get the benefit of liberalization and they don’t want to wait 13 years to do it.”

But he also suggested that the problems of the WTO are more complicated that could not be resolved by a simple fix to the negotiation process. “The WTO’s secretariat is very much weaker than the International Monetary Fund or World Bank,” he said. The budget, for example, is limited to a couple hundred million dollars compared to a couple billion dollars for the other organizations.

“The director general doesn’t have the authority to make decisions,” Hufbauer said. “He has to cajole and persuade. And that’s pretty difficult to do when members have different priorities.”

Hufbauer also said the WTO should accept plurilateral deals like the Trade in Service Agreement, which only cover part of the membership, but that will grant the WTO authority to resolve disputes.

Further, he said, “we have to get around the notion of a big package—where we have to have a huge package where everyone can have something.”

While many raise concerns about otherwise leaving behind developing countries, he said current WTO rules already entail a complicated set of agreements or rules that differentiate provisions among members. In addition, he said, “any developing country won’t be left behind if it will just reform—if it will sign up and take on the obligations.”

He named Chile, Peru, Colombia, Costa Rica and Botswana as examples of countries that have taken on “outstanding” trade and economic policies. “So there is room for developing countries, but they have to see the benefits. The developing countries do not want to be hemmed in by rules, they want to be able to change.”

Deputy U.S. Trade Representative Michael Punke, told Bloomberg BNA that the underlying difficulties in obtaining agreement on multilateral deals primarily is due to a continued problem of integrating emerging economies into the global economy.

“We have been working for over a decade to figure out the right balance of obligation levels for developing countries and especially for emerging economies. There

is a very robust discussion around the concept of differentiation,” he said.

“Should the emerging economies have the same level of obligation as developing countries that are much less advanced or that benefit much less from participating in the global trading community? Those are open questions that we have not yet resolved in our debates and negotiations up to now and those are the types of questions we will have to grapple with in 2015.”

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